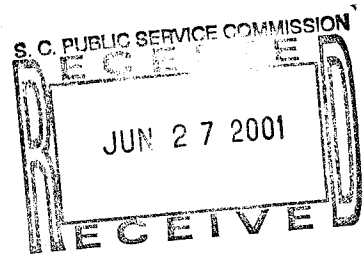


Direct Testimony

W. Robert Harrington

River Hills Community Association, Inc.

Docket No. 2000-0207-W/S



1 **Q. Would you please state you name and address?**

2 **A. My name is W. Robert Harrington, and my address is 62 Fairway Ridge, Lake**
3 Wylie, South Carolina 29710. My home is located in the River Hills
4 Community in the Lake Wylie area of York County.

5 **Q. What is your educational and professional background?**

6 **A. Currently I am self-employed as a consultant working with C.E. Ag, Inc., a**
7 management and marketing consulting firm. Prior to my current employment,
8 I served as President and C.E.O. of Gist-Brocades, U.S.A., a major supplier of
9 enzymes used in U.S. food and detergent industries (1981-1987); as President
10 and C.E.O. of Bush Industrial, Inc., a major supplier of yeast, starches and
11 corn syrups to the U.S. food and paper industries (1968-1981); as Director of
12 Feed Operations for W.R. Grace-Ag division (1966-1967); in various aspects
13 of operations with Ralston Purina, a leading animal feed supplier and soy
14 processor (1950-1966). I obtained a B. S. in chemical engineering from
15 Washington University in St. Louis, Missouri (1950).

16 **Q. Have you ever and do you now serve in any civic or governmental**
17 **capacity?**

18 **A. Yes. I am a member of the York County Planning Commission on which I**
19 have served since July of 1999. The duties and responsibilities of the York
20 County Planning Commission are to review and approve all development in
21 York County based upon the existing land use plan developed by the Planning

1 Staff. As a member of the York County Planning Commission, my duties and
2 responsibilities include review and, in conjunction with the other members of
3 the Planning Commission, approval of all development in York County
4 including the Carolina Water Service, Inc. territory. Prior to my service on
5 the York County Planning Commission, I served on the York County Zoning
6 Board of Appeals.

7 **Q. Are you familiar with the River Hills Community Association, Inc.?**

8 **A.** Yes. The River Hills Community Association, Inc. is a South Carolina non-
9 profit corporation organized for the purposes of, among other things,
10 providing representative self-government to the owners and residents of the
11 River Hills community and ownership, maintenance and use of the
12 community's common properties for the benefit of the owners and residents of
13 the River Hills community. The Community Association is governed by a
14 Board of Directors and committees created by its bylaws and by the Board of
15 Directors.

16 **Q. In what governing capacity, if any, do you now serve on behalf of River**
17 **Hills Community Association, Inc.?**

18 **A.** I am currently a member of the Utilities Committee of the River Hills
19 Community Association, Inc. Members of the Utility Committee are
20 appointed by the Board of Directors of the River Hills Community
21 Association, Inc. The Utilities Committee is charged with the responsibility
22 of oversight and maintenance of the utilities which are not otherwise provided
23 by a public body or private utility and of monitoring and serving as liaison

1 with those public bodies or private utilities which provide services to the
2 River Hills Community Association, Inc. and its members. Prior to my
3 current service on the Utilities Committee, I served as Director of Utilities for
4 the River Hills Community Association, Inc., as a Board Member for the
5 years 1997 to 1999 and as Treasurer of the River Hills Community
6 Association, Inc. from 1998 to 1999.

7 **Q. What utility provides water and sewer service for the River Hills**
8 **Community Association, Inc. and the residents of the River Hills**
9 **Community?**

10 **A.** Carolina Water Service, Inc.

11 **Q. Does Carolina Water Service, Inc. serve only the River Hills community**
12 **in York County?**

13 **A.** No. The service territory of Carolina Water Service, Inc. in York County
14 includes more than the community represented by the River Hills Community
15 Association, Inc. As can be seen from the accompanying map of the Carolina
16 Water Service, Inc. territory (see Exhibit A), its service territory is more
17 accurately described as the Lake Wylie area of York County.

18 **Q. Please describe the nature of the service territory of Carolina Water**
19 **Service, Inc. in York County.**

20 **A.** Formerly a decidedly rural area located on Lake Wylie, the area has
21 experienced considerable growth and development. While in 1993, the River
22 Hills Community Association, Inc. was the only residential development of
23 any size in the Carolina Water Service, Inc. territory, the Lake Wylie area has

1 since experienced considerable residential and commercial growth. The
2 growth within the Carolina Water Service, Inc. territory is driven by several
3 factors. First, Lake Wylie is a large manmade lake within the Carolina Water
4 Service, Inc. territory and is used for recreation, principal and secondary
5 residences with attendant commercial businesses. Second, the Lake Wylie
6 area is served by four (4) major state highways, State Roads 274, 557, 55 and
7 49. Within the last week, a new bridge on State Road 49 opened crossing
8 Lake Wylie to connect the area to Mecklenburg County and Charlotte, North
9 Carolina. A second two-lane bridge is under construction. When this and
10 State Road 49 in North Carolina is widened to a four (4) lane road, the Lake
11 Wylie area will be even more accessible to Charlotte. Last, the County water
12 and sewer collector lines installed parallel to State Road 49 have opened the
13 area affected to growth of development.

14 **Q. Are you familiar with the residential growth in the area?**

15 **A.** Yes. As I have stated, the River Hills Community Association, Inc. is but a
16 small part of the area served by Carolina Water Service, Inc. As a member of
17 the York County Planning Commission, I have observed the growth of
18 development in the area along State Road 49. The Village at Lake Wylie, a
19 392-unit apartment complex, opened in 2001. Autumn Cove, a 262-unit
20 residential development, opened in 2001. Forest Oaks, a 272-unit subdivision,
21 opened in 2000. The Landings, a 95-unit residential subdivision opened in
22 1999 (see Exhibit B). Conservatively, additional growth of another ten (10) to
23 twenty (20) units of residential construction would be expected in addition to

1 these subdivisions each year. As a result, 380 new residential units are
2 expected to be constructed and connected to the Carolina Water Service, Inc.
3 in 2001. An additional 372 units would be connected in 2002; 170 residential
4 units connected in 2003 and 154 residential units connected in 2004.
5 Accordingly, as illustrated in Exhibit C, even with no additional growth than
6 what I have outlined, 1076 residential units are expected to be connected to
7 Carolina Water Service, Inc. from just this development alone in the next four
8 years.

9 **Q. Are you familiar with current connection and plant impact fees, existing**
10 **base charges and per gallon usage charges currently charged by Carolina**
11 **Water Service, Inc.?**

12 **A.** Yes.

13 **Q. Based upon current connection and plant impact fees at Carolina Water**
14 **Service, Inc. and based upon the existing base charges and per gallon**
15 **usage charges currently charged by Carolina Water Service, Inc., what**
16 **financial impact would this new development have on Carolina Water**
17 **Service, Inc.?**

18 **A.** Based upon current connection and plant impact fees for water and sewer per
19 customer, Carolina Water Service, Inc. would expect to receive \$551,000 in
20 connection and impact fees from new residential customers in 2001.
21 Thereafter, Carolina Water Service, Inc. would expect the following revenues
22 from connection and impact fees from new development: 2002 - \$252,000;
23 2003 - \$238,000; 2004 - \$215,600. For the four-year period of build-out of

1 this development, an additional revenue of \$1,256,600 in connection and
2 impact fees would be expected. This income is illustrated in Exhibit C.

3 **Q. What additional monthly service revenue would you expect to be added**
4 **by this development?**

5 **A.** Relying upon Carolina Water Service, Inc.'s figures, current rates and
6 estimates of a twenty-two dollar base charge plus 6,600 gallons at \$1.50/1000
7 gallons, Carolina Water Service, Inc. can expect \$382.80 per customer on an
8 annual basis in additional revenue. In 2001, an additional \$72,732 in
9 additional annual income would be expected. For subsequent years, the
10 following income would be expected: 2002 - \$216,665; 2003 - \$320,404;
11 2004 - \$382,417. Carolina Water Service, Inc. can expect additional revenue
12 of \$992,218 based on the above growth over the four-year period. This
13 income is illustrated in Exhibit C.

14 **Q. On an annual basis, what total additional income can Carolina Water**
15 **Service, Inc. expect from this development?**

16 **A.** Carolina Water Service, Inc. can expect an additional \$623,732 in additional
17 income for the year 2001. As illustrated by Exhibit C, Carolina Water
18 Service, Inc. can expect an additional \$2,248,818 in additional revenue from
19 the above development alone over the four-year period.

20 **Q. Is additional growth expected for the Carolina Water Service, Inc. area?**

21 **A.** Yes. The above development is a conservative guidance to the Commission
22 for the additional revenues Carolina Water Service, Inc. can expect to receive
23 from growth in its service territory. York County has presently extended its

1 sewer connector lines along State Road 49 to the Mecklenburg County line at
2 the bridge. Water is also available along this route. The York County
3 Planning Commission staff is reviewing a 95-unit development called River
4 Villas just West of Forest Oaks at this time. A third phase of Autumn Cove
5 (94 town houses) is also under review. The extension of the York County
6 sewer connector, the extensive state road system within the service territory
7 and the access to Charlotte/Mecklenburg created by the new four (4) lane
8 bridge across Lake Wylie, would fuel further growth.

9 **Q. Why does the River Hills Community Association, Inc. and those it**
10 **represents, object to a rate increase for water and sewer service from**
11 **Carolina Water Service, Inc.?**

12 **A.** Carolina Water Service, Inc., which has always treated its Lake Wylie service
13 area independently of its other service areas in South Carolina, serves an area
14 of South Carolina with exploding growth. Carolina Water Service, Inc. has
15 prudently closed its wells and treatment facilities and become a bulk customer
16 of York County. It should be remembered that Carolina Water Service, Inc.
17 passes its costs of water and sewer from York County directly to its customers
18 in the Lake Wylie service area. By becoming a bulk customer of York
19 County for water and sewer and by passing the York County cost of water and
20 sewer directly to its customers, Carolina Water Service, Inc. has contained its
21 cost of selling its commodities. Against the backdrop of this cost
22 containment, Carolina Water Service, Inc. serves an area of South Carolina
23 that is growing exponentially. As a result, Carolina Water Service, Inc. does

1 not need a water or sewer rate increase to maintain a reasonable profit
2 established by this Commission. Through the cost containment efforts of
3 Carolina Water Service, Inc. and the explosive growth in its service territory,
4 the residents of the Lake Wylie service area will continue to pay their fair
5 share for water and sewer service from Carolina Water Service, Inc.

6 **Q. Does this conclude your testimony?**

7 **A.** Yes, it does.

EXHIBIT B

05/21/2001

CLOVER SUBDIVISIONS

SUBDIVISION NAME	ZONING	SUBDIVISION STREET LOCATION	SUBDIVISION COMMUNITY	# OF LOTS	TOTAL ACRES	PLANNING COMMISSION DATE
AUTUMN COVE AT LAKE WYLIE	RD-II	HWY 49	CLOVER	263	112	1999/12/27
BETHEL BUSINESS PARK	BD-III	OAKRIDGE ROAD	CLOVER	1	15	2000/04/24
BROWN BOROUGH II	PUD	FOREST MUSIC DRIVE	CLOVER	31	62	1998/07/27
CAMPBELL'S CROSSING V	RUD-I	LITTLE BRANCH DRIVE	CLOVER	52	111	1996/02/26
CLARENDON ESTATES	RUD-I	OAKRIDGE ROAD	CLOVER	38	63	2001/05/21
FLYING EAGLE ESTATES	AGC	FAULKNER ROAD	CLOVER	8	24	2000/05/22
FLYING EAGLE ESTATES II	AGC	FAULKNER ROAD	CLOVER	69	209	2000/11/27
FOREST OAKS I : II	RD-I	HWY 49	CLOVER	217	217	1999/06/28
FOREST OAKS III	RD-I	HWY 49	CLOVER	55	14	2000/12/18
HERON CREEK	RUD-I	GREENLEAF ROAD	CLOVER	12	19	1998/05/26
HERRON CREEK III	RUD-I	BOHELER ROAD	CLOVER	43	79	1999/04/26
LANDMARK BUSINESS CENTER	UD	HWY 321	CLOVER	1	11	2000/04/24
LONGLEA ESTATES	RD-I	HWY 557	CLOVER	230	109	1998/11/23
OAKS AT CLOVER PHASE 1	RC-I	GRIGGS ROAD	CLOVER	119	50	2001/01/22
PATRIOTS CROSSING	RC-I	HWY 274	CLOVER	39	53	1997/03/24
SNOWY OWL ESTATES	AGC	BRIAN ROAD	CLOVER	3	16.98	2000/09/25
STONEBRIDGE CROSSING IV	RUD-I	STONEBRIAR LANE	CLOVER	24	32	1998/05/26
THE HYLANDS	RUD	PARAHAM	CLOVER	101	171	1998/03/23
THE HYLANDS II	RUD	PARAHAM ROAD	CLOVER	41	79	1998/04/27
THE LANDING	RD-I	HWY 274	CLOVER	86	59	1997/05/28
THE LANDING II	RD-I	HWY 49	CLOVER	125	85	1998/03/23
WALKER PROPERTY	AGC	PARAHAM ROAD	CLOVER	5	40	1998/04/27
WESTGATE INDUSTRIAL PARK	LI	CRESCENT ROAD	CLOVER		140	1997/07/28
WESTPOINTE	PUD	RIDGE ROAD	CLOVER	20	50	1997/06/23

Hamilton's Bay Apartments RD-I, BD-III Highway 49 Clover 132 units 20 May 1997
 Village at Lake Wylie Apartments RD-I Highway 49 Clover 392 36 September 1999

EXHIBIT C

Carolina Water Service Application for Rate Increases:

Impact of New Developments in CWS's River Hills Area Service Area:

Customers and Revenue Added by Year by Development:

Development:	Customers Added				Total
	2001	2002	2003	2004	
Village at Lake Wylie	200	192			392
Autumn Cove	70	70	70	52	262
Forest Oaks	80	80	60	52	272
The Landings	20	20	25	30	95
Other	10	10	15	20	55
Year's Total	380	372	170	154	1076
Annual Average	190	186	85	77	
Cumulative Average	190	566	837	999	

Development:	Tap Fee Revenue Added*				Total
	2001	2002	2003	2004	
Village at Lake Wylie***	\$299,000				\$299,000
Autumn Cove	\$98,000	\$98,000	\$98,000	\$72,800	\$366,800
Forest Oaks	\$112,000	\$112,000	\$84,000	\$72,800	\$380,800
The Landings	\$28,000	\$28,000	\$35,000	\$42,000	\$133,000
Other	\$14,000	\$14,000	\$21,000	\$28,000	\$77,000
Total	\$551,000	\$252,000	\$238,000	\$215,600	\$1,256,600

Development:	Monthly Service Revenue Added**				Total
	2001	2002	2003	2004	
Village at Lake Wylie	\$38,280	\$113,309	\$150,058	\$150,058	\$451,704
Autumn Cove	\$13,398	\$40,194	\$66,990	\$90,341	\$210,923
Forest Oaks	\$15,312	\$45,936	\$72,732	\$94,169	\$228,149
The Landings	\$3,828	\$11,484	\$20,097	\$30,624	\$66,033
Other	\$1,914	\$5,742	\$10,527	\$17,226	\$35,409
Total	\$72,732	\$216,665	\$320,404	\$382,417	\$992,218
Annual Grand Total	\$623,732	\$468,665	\$558,404	\$598,017	\$2,248,818

* \$1,400 Total Connection and Plant Impact Fees for Water and Sewer per Customer

** \$22.00 Base Charge Plus 6,600 Gallons @ \$1.50 / 1000 Gallons = \$382.80 Ann'ly per Customer

*** Negotiated Fee